

## **A Proposed Strategy to Expand Insurance Coverage and Improve Access to Health Care Services**

Prior to formulating a proposed strategy, the Nebraska Health Insurance Policy Coalition developed an overarching goal of the project and a set of guiding principles. The goal and the guiding principles are shown below:

**Goal:** High quality health care services should be available, accessible, and affordable, maximizing public and private resources and partnerships.

### **Guiding Principles:**

- Improve access to care
- Build on existing public and private programs
- Promote individual responsibility and wellness
- Do not replace private coverage with public coverage
- Strategy should have a reasonable cost; affordable to individuals and to those funding the program (i.e., taxpayers, employers); affordable to the government

### **Proposed Public Strategies**

#### **I. Create a Safety Net Commission to develop a plan for expanding the number of community health centers, satellites of existing centers, and look-alikes.**

Currently, Nebraska has five federally qualified community health centers (FQHCs), including two in Omaha and one in Columbus, Gering, and Lincoln. FQHCs provide comprehensive primary and preventive care, low cost prescription drugs, mental health care, and usually dental care. Since they receive federal funds, they are required to provide care to everyone, regardless of an individual's ability to pay or health insurance coverage. They receive cost-based reimbursement rates from Medicaid and collect some fees on a sliding fee scale.

In addition to new FQHCs, the plan should address potential expansions of existing centers relatively near their current locations. Finally, the plan should also identify possible FQHC look-alikes. Although look-alikes do not receive a federal grant to cover the costs of treating uninsured patients, they receive cost-based reimbursement from Medicaid. In some instances, look-alikes may evolve into an FQHC.

#### **II. Expand the use of drug discount programs (e.g., the federal 340B Program) so that all eligible organizations can purchase prescription drugs at lower costs.**

If more non-profit and government organization could purchase medications at a lower cost, they could pass on these savings to their clients. Nebraska has over 70 sites that qualify for the federal drug discount program called 340B, but not all sites are taking advantage of the program. If more entities participated in the program, more low-income individuals could purchase outpatient prescription drugs and over-the-counter drugs that are prescribed at costs that are 10 to 70 percent less.

**III. Explore the option of creating a central pharmacy organization to take advantage of prescription drug discounts offered by the manufacturers.**

Several pharmaceutical companies are offering discounted drug prices. However, it is difficult to take advantage of these lower cost drugs because there is not a central coordinating agency. A centralized licensed pharmacy located outside of state government could serve as a resource for identifying discounted drugs and distributing them to qualified individuals.

**IV. Improve marketing and outreach efforts to enroll children and adults who are currently eligible for Medicaid and Kids Connection (the State Children's Health Insurance Program).**

Eligibility for the Medicaid and Kids Connection programs are generally based on income and the value of assets. For example, all children are eligible for either Medicaid or Kids Connection if their family income is at or below 185 percent of the Federal Poverty Level and they are without insurance coverage. Despite the current marketing and outreach efforts, there are still many children and adults who meet the eligibility requirements of these programs but are not enrolled. By expanding current marketing and outreach initiatives, it should be possible to increase insurance coverage at a fairly modest cost to the state.

**V. Develop and implement initiatives that would reduce the cost of Medicaid and Kids Connection programs and use these savings to expand these programs (e.g., increase eligibility levels from 185 to 200 percent of the Federal Poverty Level for the Kids Connection program).**

One potential cost-cutting program is a Disease Management Program for Medicaid patients. Disease Management (DM) programs have the potential to reduce health care costs by identifying high risk patients with selected chronic conditions such as diabetes, asthma, heart disease, and cancer and targeting interventions based on the level of severity. These interventions would be based on evidenced-based practice guidelines that have been well-documented in clinical studies. Once the guidelines are in place, a rigorous evaluation would be conducted to measure the impact on health outcomes and cost effectiveness of the interventions.

A second potential cost-cutting program is to join a multi-state purchasing pool to negotiate lower prescription drug costs for Medicaid clients. Several states have joined multi-state compacts in an effort to gain increased program purchasing power and efficiency, improved benefits management, and cost savings. Group purchasing arrangements can generate program savings and quality improvements because they use pharmacy benefits managers who are better able to identify the best practices in disease and benefit management. They may also have the capacity for enhanced drug utilization review, which allows a more accurate analysis of prescriber habits and monitoring the treatment of patients with complex needs.

**VI. Expand Medicaid income eligibility levels.**

Many states have used the flexibility in the federal law to increase income eligibility levels and allow more people to qualify for Medicaid coverage. Building on the Medicaid

program has been an effective way to expand coverage for low-income individuals. The major advantages are that the administrative structure is already in place plus the majority of the expansion cost (i.e., about 60 percent for Nebraska) is borne by the federal government. The major disadvantage is that the current budget challenges and rising health care costs make it difficult to allocate additional funds for expanding the program.

States have used a variety of different options and strategies to cover more people. Many of these options and strategies require a waiver from the federal government. One option is to expand the number of children covered under the State Children's Health Insurance Program (Kids Connection) and/or the parents of children who qualify for this program. For example, in Nebraska this may involve increasing the income eligibility levels from 185 percent to 200 percent of the Federal Poverty Level or allowing parents of children who currently qualify for Kids Connection to also receive Medicaid coverage.

### **Proposed Private Strategies**

#### **I. Create public-private partnerships between employers and Medicaid.**

Several states have established premium assistance programs. In this program, the cost of the premium is shared by the employee, the employer, and the Medicaid program. Although there can be many variations, in a proposed plan in Oklahoma, the employer would pay 25 percent of the premium, the employee would pay 15 percent, and Medicaid would pay the remainder of the premium. The program is limited to employees and their spouses with household incomes at or below 185 percent of the Federal Poverty Level who work in firms with 25 or fewer workers. Unemployed workers who are seeking work are also eligible.

This strategy has the advantage of leveraging private funds so that the final burden does not fall completely on the Medicaid program. With private funds and the federal contribution (i.e., 60 percent in Nebraska), the amount of new state funds is relatively low. This program may also help to stabilize premiums in the health insurance market for small employers. If insurance rates become more stable, more employers are likely to continue offering insurance coverage.

#### **II. Implement a state-funded reinsurance program.**

The intent of this approach is to make insurance premiums more affordable for small employers and self-employed individuals. A reinsurance policy is essentially insurance for insurers and would cover claims above a certain threshold (e.g., \$25,000) for small employers of a certain size (e.g., under ten employees). Because the insurer is not totally at risk for "high" cost claims, the premiums should be lower and more stable from year to year. Another advantage is that insurers should be less aggressive in underwriting and marketing so administrative expenses should fall. Finally, reinsurance programs have the potential to spread the risk of high cost cases across a larger base of payers.

**III. Provide education and training to consumers and small employers about the benefits of health insurance coverage and the advantages and disadvantages of various policies.**

Based on the focus group interviews, it became clear that some small employers, new refugees, and consumers in general lack the knowledge and information that is needed to make good decisions about health insurance policies. For example, some employers wanted to know what options are available to them and what are the potential costs. For new refugees and other immigrants who have recently settled in Nebraska some did not understand the terms coinsurance and deductibles as well as the services that are covered. Many of these individuals have come from countries where the government provided health care services and our "private" system was confusing to them. In addition to these groups, a statewide information campaign is needed to inform people, especially young adults, about the need for health insurance coverage.